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Attorneys for Debtors and Debtors-in-Possession

**UNITED STATES BANKRUPTCY COURT  
 DISTRICT OF NEVADA**

In re:  
 USA COMMERCIAL MORTGAGE COMPANY,  
 Debtor.

Case No. BK-S-06-10725 LBR  
 Case No. BK-S-06-10726 LBR  
 Case No. BK-S-06-10727 LBR  
 Case No. BK-S-06-10728 LBR  
 Case No. BK-S-06-10729 LBR

In re:  
 USA CAPITAL REALTY ADVISORS, LLC,  
 Debtor.

In re:  
 USA CAPITAL DIVERSIFIED TRUST DEED  
 FUND, LLC,  
 Debtor.

Chapter 11

**Jointly Administered Under  
 Case No. BK-S-06-10725 LBR**

In re:  
 USA CAPITAL FIRST TRUST DEED FUND, LLC,  
 Debtor.

**MONTHLY OPERATING REPORT  
 FOR SEPTEMBER 2006  
 (AFFECTS USA CAPITAL FIRST  
 TRUST DEED FUND, LLC)**

In re:  
 USA SECURITIES, LLC,  
 Debtor.

Affects:

- ☐ All Debtors
- ☐ USA Commercial Mortgage Company
- ☐ USA Capital Realty Advisors, LLC
- ☐ USA Capital Diversified Trust Deed Fund, LLC
- ☒ USA Capital First Trust Deed Fund, LLC
- ☐ USA Securities, LLC

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA**

In re: USA First Trust Deed Fund, LLC

Case No. 06-10728-LBR

**CHAPTER 11  
MONTHLY OPERATING REPORT  
(GENERAL BUSINESS CASE)**

**SUMMARY OF FINANCIAL STATUS**

MONTH ENDED: 09/30/06PETITION DATE: 04/13/06

1. Debtor in possession (or trustee) hereby submits this Monthly Operating Report on the Accrual Basis of accounting (or if checked here the Office of the U.S. Trustee or the Court has approved the Cash Basis of Accounting for the Debtor).  
Dollars reported in \$1

2. **Asset and Liability Structure**

	<u>End of Current Month</u>	<u>End of Prior Month</u>	<u>As of April 13, 2006</u>
a. Current Assets	\$5,730,922	\$5,081,570	
b. Total Assets	\$69,218,619	\$68,569,267	\$67,012,890
c. Current Liabilities	\$2,440,223	\$1,823,810	
d. Total Liabilities	\$2,666,005	\$2,049,592	\$225,782

3. **Statement of Cash Receipts & Disbursements for Month**

	<u>Current Month</u>	<u>Prior Month</u>	<u>Cumulative (Case to Date)</u>
a. Total Receipts	\$0	\$2,186,592	\$2,186,592
b. Total Disbursements	\$0	\$1,175,643	\$1,175,643
c. Excess (Deficiency) of Receipts Over Disbursements (a - b)	\$0	\$1,010,949	\$1,010,949
d. Cash Balance Beginning of Month	\$1,010,949	\$0	\$0
e. Cash Balance End of Month (c + d)	\$1,010,949	\$1,010,949	\$1,010,949

4. **Profit/(Loss) from the Statement of Operations**

<u>Current Month</u>	<u>Prior Month</u>	<u>Cumulative (Case to Date)</u>
\$32,939	\$158,543	\$1,327,314

5. **Account Receivables (Pre and Post Petition)**

\$0	\$0
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6. **Post-Petition Liabilities**

\$2,440,223	\$1,823,810
-------------	-------------

7. **Past Due Post-Petition Account Payables (over 30 days)**

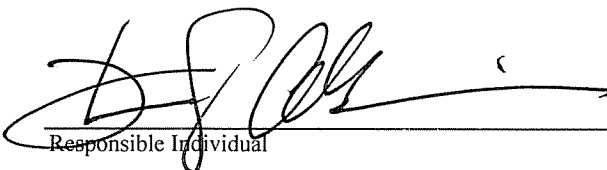
\$0	\$0
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**At the end of this reporting month:**

- |  | <u>Yes</u>                  | <u>No</u> |
|--|-----------------------------|-----------|
| 8. Have any payments been made on pre-petition debt, other than payments in the normal course to secured creditors or lessors? (if yes, attach listing including date of payment, amount of payment and name of payee) | <u>                    </u> | <u>X</u>  |
| 9. Have any payments been made to professionals? (if yes, attach listing including date of payment, amount of payment and name of payee)   | <u>                    </u> | <u>X</u>  |
| 10. If the answer is yes to 8 or 9, were all such payments approved by the court?  | <u>                    </u> |           |
| 11. Have any payments been made to officers, insiders, shareholders, relatives? (if yes, attach listing including date of payment, amount and reason for payment, and name of payee)                                   | <u>                    </u> | <u>X</u>  |
| 12. Is the estate insured for replacement cost of assets and for general liability?  | <u>                    </u> | <u>X</u>  |
| 13. Are a plan and disclosure statement on file?   | <u>                    </u> | <u>X</u>  |
| 14. Was there any post-petition borrowing during this reporting period?  | <u>                    </u> | <u>X</u>  |
15. Check if paid: Post-petition taxes N/A ; U.S. Trustee Quarterly Fees X ; Check if filing is current for: Post-petition tax reporting and tax returns: N/A .  
(Attach explanation, if post-petition taxes or U.S. Trustee Quarterly Fees are not paid current or if post-petition tax reporting and tax return filings are not current.)

I declare under penalty of perjury I have reviewed the above summary and attached financial statements, and after making reasonable inquiry believe these documents are correct.

Date: 10/19/06

  
Responsible Individual

## STATEMENT OF OPERATIONS

## (General Business Case)

For the Month Ended 09/30/06

Current Month				Cumulative (Case to Date)	Next Month Forecast
Actual	Forecast	Variance			
\$649,351		\$649,351	<b>Revenues:</b>		
		\$0	1 Gross Sales	\$3,767,786	
\$649,351	\$0	\$649,351	2 less: Sales Returns & Allowances		
\$0		\$0	3 Net Sales	\$3,767,786	\$0
\$649,351	\$0	\$649,351	4 less: Cost of Goods Sold (Schedule 'B')		
		\$0	5 Gross Profit	\$3,767,786	\$0
		\$0	6 Interest		
		\$0	7 Other Income:		
		\$0	8		
		\$0	9		
\$649,351	\$0	\$649,351	10 <b>Total Revenues</b>	\$3,767,786	\$0
		\$0	<b>Expenses:</b>		
		\$0	11 Compensation to Owner(s)/Officer(s)		
		\$0	12 Salaries		
		\$0	13 Commissions		
		\$0	14 Contract Labor		
		\$0	Rent/Lease:		
		\$0	15 Personal Property		
		\$0	16 Real Property		
		\$0	17 Insurance		
\$81,412		(\$81,412)	18 Management Fees	\$453,192	
		\$0	19 Depreciation		
		\$0	Taxes:		
		\$0	20 Employer Payroll Taxes		
		\$0	21 Real Property Taxes		
		\$0	22 Other Taxes		
		\$0	23 Other Selling		
		\$0	24 Other Administrative		
		\$0	25 Interest		
		\$0	26 Other Expenses:		
		\$0	27		
		\$0	28		
		\$0	29		
		\$0	30		
		\$0	31		
		\$0	32		
		\$0	33		
		\$0	34		
\$81,412	\$0	(\$81,412)	35 <b>Total Expenses</b>	\$453,192	\$0
\$567,939	\$0	\$567,939	36 <b>Subtotal</b>	\$3,314,594	\$0
(\$535,000)		\$535,000	<b>Reorganization Items:</b>		
		\$0	37 Professional Fees	(\$1,987,030)	
		\$0	38 Provisions for Rejected Executory Contracts		
		\$0	39 Interest Earned on Accumulated Cash from Resulting Chp 11 Case		
		\$0	40 Gain or (Loss) from Sale of Equipment		
		\$0	41 U.S. Trustee Quarterly Fees	(\$250)	
		\$0	42		
(\$535,000)	\$0	\$535,000	43 <b>Total Reorganization Items</b>	(\$1,987,280)	\$0
\$32,939	\$0		44 <b>Net Profit (Loss) Before Federal &amp; State Taxes</b>	\$1,327,314	\$0
		\$0	45 Federal & State Income Taxes		
\$32,939	\$0	\$0	46 <b>Net Profit (Loss)</b>	\$1,327,314	\$0

Attach an Explanation of Variance to Statement of Operations (For variances greater than +/- 10% only).

**BALANCE SHEET**  
**(General Business Case)**  
For the Month Ended 09/30/06

**Assets****From Schedules****Market Value<sup>1</sup>****Current Assets**

1	Cash and cash equivalents - unrestricted		\$1,010,949
2	Cash and cash equivalents - restricted		
3	Accounts receivable (net)	A	\$0
4	Inventory	B	\$0
5	Prepaid expenses		
6	Professional retainers		
7	Other: <u>Accrued interest</u>		\$4,719,973
8			
9	<b>Total Current Assets</b>		<b>\$5,730,922</b>

**Property and Equipment (Market Value)**

10	Real property	C	\$0
11	Machinery and equipment	D	\$0
12	Furniture and fixtures	D	\$0
13	Office equipment	D	\$0
14	Leasehold improvements	D	\$0
15	Vehicles	D	\$0
16	Other: _____	D	
17	_____	D	
18	_____	D	
19	_____	D	
20	_____	D	
21	<b>Total Property and Equipment</b>		<b>\$0</b>

**Other Assets**

22	Loans to shareholders		
23	Loans to affiliates		
24	Notes receivable (net of allowance)		\$63,487,697
25	_____		
26	_____		
27	_____		
28	<b>Total Other Assets</b>		<b>\$63,487,697</b>
29	<b>Total Assets</b>		<b>\$69,218,619</b>

**NOTE:**

Indicate the method used to estimate the market value of assets (e.g., appraisals; familiarity with comparable market prices, etc.) and the date the value was determined.

1 - The method used to estimate the market value of assets was net book value at the end of the current reporting period as market value has not been determined.

**Liabilities and Equity**  
(General Business Case)

**Liabilities From Schedules**

**Post-Petition**

**Current Liabilities**

30	Salaries and wages		
31	Payroll taxes		
32	Real and personal property taxes		
33	Income taxes		
34	Sales taxes		
35	Notes payable (short term)		
36	Accounts payable (trade)	A	\$0
37	Real property lease arrearage		
38	Personal property lease arrearage		
39	Accrued professional fees		\$1,987,030
40	Current portion of long-term post-petition debt (due within 12 months)		
41	Other: Management fees		\$453,193
42			
43			
44	<b>Total Current Liabilities</b>		<b>\$2,440,223</b>

**Long-Term Post-Petition Debt, Net of Current Portion**

46	<b>Total Post-Petition Liabilities</b>		<b>\$2,440,223</b>
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**Pre-Petition Liabilities (allowed amount)<sup>1</sup>**

47	Secured claims <sup>1</sup>	F	\$0
48	Priority unsecured claims <sup>1</sup>	F	\$0
49	General unsecured claims <sup>1</sup>	F	\$225,782
50	<b>Total Pre-Petition Liabilities</b>		<b>\$225,782</b>
51	<b>Total Liabilities</b>		<b>\$2,666,005</b>

**Equity (Deficit)**

52	Retained Earnings/(Deficit) at time of filing		\$11,396,460
53	Capital Stock		
54	Additional paid-in capital		
55	Cumulative profit/(loss) since filing of case		\$1,327,314
56	Post-petition contributions/(distributions) or (draws)		(\$1,175,393)
57	General and Limited Partners equity		\$55,004,233
58	Market value adjustment		
59	<b>Total Equity (Deficit)</b>		<b>\$66,552,614</b>
60	<b>Total Liabilities and Equity (Deficit)</b>		<b>\$69,218,619</b>

**NOTE:**

1 - Allowed Amounts have not yet been determined and are contingent upon approval from the Bankruptcy Court. The pre-petition liabilities' amounts above reflect the claimed amounts filed on Schedules.



**Schedule C**  
**Real Property**

Description	<u>Cost</u>	<u>Market Value</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
Total	\$0	\$0

**Schedule D**  
**Other Depreciable Assets**

Description	<u>Cost</u>	<u>Market Value</u>
Machinery & Equipment -		
_____	_____	_____
_____	_____	_____
_____	_____	_____
Total	\$0	\$0

Furniture & Fixtures -		
_____	_____	_____
_____	_____	_____
_____	_____	_____
Total	\$0	\$0

Office Equipment -		
_____	_____	_____
_____	_____	_____
Total	\$0	\$0

Leasehold Improvements -		
_____	_____	_____
_____	_____	_____
_____	_____	_____
Total	\$0	\$0

Vehicles -		
_____	_____	_____
_____	_____	_____
_____	_____	_____
Total	\$0	\$0

**Schedule E**  
**Aging of Post-Petition Taxes**  
**(As of End of the Current Reporting Period)**

<b>Taxes Payable</b>	<b><u>0-30 Days</u></b>	<b><u>31-60 Days</u></b>	<b><u>61-90 Days</u></b>	<b><u>91+ Days</u></b>	<b><u>Total</u></b>
<b>Federal</b>					
Income Tax Withholding					\$0
FICA - Employee					\$0
FICA - Employer					\$0
Unemployment (FUTA)					\$0
Income					\$0
Other (Attach List)					\$0
<b>Total Federal Taxes</b>	\$0	\$0	\$0	\$0	\$0
<b>State and Local</b>					
Income Tax Withholding					\$0
Unemployment (UT)					\$0
Disability Insurance (DI)					\$0
Empl. Training Tax (ETT)					\$0
Sales					\$0
Excise					\$0
Real property					\$0
Personal property					\$0
Income					\$0
Other (Attach List)					\$0
<b>Total State &amp; Local Taxes</b>	\$0	\$0	\$0	\$0	\$0
<b>Total Taxes</b>	\$0	\$0	\$0	\$0	\$0

**Schedule F**  
**Pre-Petition Liabilities**

<b><u>List Total Claims For Each Classification -</u></b>	<b><u>Claimed<sup>1</sup></u></b> <b><u>Amount</u></b>	<b><u>Allowed<sup>2</sup></u></b> <b><u>Amount (b)</u></b>
Secured claims (a)		
Priority claims other than taxes		
Priority tax claims		
General unsecured claims	\$225,782	

(a) List total amount of claims even if under secured.

(b) Estimated amount of claim to be allowed after compromise or litigation. As an example, you are a defendant in a lawsuit alleging damage of \$10,000,000 and a proof of claim is filed in that amount. You believe that you can settle the case for a claim of \$3,000,000. For Schedule F reporting purposes you should list \$10,000,000 as the Claimed Amount and \$3,000,000 as the Allowed Amount.

**Schedule G**  
**Rental Income Information**  
**Not applicable to General Business Cases**

**Schedule H**  
**Recapitulation of Funds Held at End of Month**

	<b><u>Account 1</u></b>	<b><u>Account 2</u></b>	<b><u>Account 3</u></b>	<b><u>Account 4</u></b>
Bank	Bank of America			
Account Type	Analyzed Checking			
Account No.	3755532435			
Account Purpose	General			
Balance, End of Month	\$1,010,949			
Total Funds on Hand for all Accounts	\$1,010,949			

Attach copies of the month end bank statement(s), reconciliation(s), and the check register(s) to the Monthly Operating Report.

**NOTES:**

- 1 - Claimed Amounts reflects amounts filed on schedules and is subject to change as proof of claims are filed and further pre-petition invoices are identified.
- 2 - Allowed Amounts have not yet been determined and are contingent upon approval from the Bankruptcy Court.



**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS****Increase/(Decrease) in Cash and Cash Equivalents****For the Month Ended** 09/30/06

		<u>Actual</u> <u>Current Month</u>	<u>Cumulative</u> <u>(Case to Date)</u>
<b>Cash Receipts</b>			
1	Rent/Leases Collected		
2	Cash Received from Sales		\$2,186,592
3	Interest Received		
4	Borrowings		
5	Funds from Shareholders, Partners, or Other Insiders		
6	Capital Contributions		
7			
8			
9			
10			
11			
12	<b>Total Cash Receipts</b>	<b>\$0</b>	<b>\$2,186,592</b>
<b>Cash Disbursements</b>			
13	Payments for Inventory		
14	Selling		
15	Administrative		
16	Capital Expenditures		
17	Principal Payments on Debt		
18	Interest Paid		
	Rent/Lease:		
19	Personal Property		
20	Real Property		
	Amount Paid to Owner(s)/Officer(s)		
21	Salaries		
22	Draws		
23	Commissions/Royalties		
24	Expense Reimbursements		
25	Other		
26	Salaries/Commissions (less employee withholding)		
27	Management Fees		
	Taxes:		
28	Employee Withholding		
29	Employer Payroll Taxes		
30	Real Property Taxes		
31	Other Taxes		
32	Other Cash Outflows:		
33	Distributions to Shareholders		\$1,175,393
34	U.S. Trustee Quarterly Fees		\$250
35			
36			
37			
38	<b>Total Cash Disbursements:</b>	<b>\$0</b>	<b>\$1,175,643</b>
39	<b>Net Increase (Decrease) in Cash</b>	<b>\$0</b>	<b>\$1,010,949</b>
40	<b>Cash Balance, Beginning of Period</b>	<b>\$1,010,949</b>	<b>\$0</b>
41	<b>Cash Balance, End of Period</b>	<b>\$1,010,949</b>	<b>\$1,010,949</b>

**STATEMENT OF CASH FLOWS**  
**(Optional) Increase/(Decrease) in Cash and Cash Equivalents**  
**For the Month Ended 09/30/06**

	<b>Actual</b>	<b>Cumulative</b>
<b>Cash Flows From Operating Activities</b>	<b><u>Current Month</u></b>	<b><u>(Case to Date)</u></b>
1 Cash Received from Sales		\$2,186,592
2 Rent/Leases Collected		
3 Interest Received		
4 Cash Paid to Suppliers		
5 Cash Paid for Selling Expenses		
6 Cash Paid for Administrative Expenses		
Cash Paid for Rents/Leases:		
7      Personal Property		
8      Real Property		
9 Cash Paid for Interest		
10 Cash Paid for Net Payroll and Benefits		
Cash Paid to Owner(s)/Officer(s)		
11      Salaries		
12      Draws		
13      Commissions/Royalties		
14      Expense Reimbursements		
15      Other		
Cash Paid for Taxes Paid/Deposited to Tax Acct		
16      Employer Payroll Tax		
17      Employee Withholdings		
18      Real Property Taxes		
19      Other Taxes		
20 Cash Paid for General Expenses		
21 Distributions to Shareholders		\$1,175,393
22		
23		
24		
25		
26		
27 <b>Net Cash Provided (Used) by Operating Activities before Reorganization Items</b>	\$0	\$1,011,199
<b>Cash Flows From Reorganization Items</b>		
28 Interest Received on Cash Accumulated Due to Chp 11 Case		
29 Professional Fees Paid for Services in Connection with Chp 11 Case		
30 U.S. Trustee Quarterly Fees		\$250
31		
32 <b>Net Cash Provided (Used) by Reorganization Items</b>	\$0	(\$250)
33 <b>Net Cash Provided (Used) for Operating Activities and Reorganization Items</b>	\$0	\$1,010,949
<b>Cash Flows From Investing Activities</b>		
34 Capital Expenditures		
35 Proceeds from Sales of Capital Goods due to Chp 11 Case		
36		
37 <b>Net Cash Provided (Used) by Investing Activities</b>	\$0	\$0
<b>Cash Flows From Financing Activities</b>		
38 Net Borrowings (Except Insiders)		
39 Net Borrowings from Shareholders, Partners, or Other Insiders		
40 Capital Contributions		
41 Principal Payments		
42		
43 <b>Net Cash Provided (Used) by Financing Activities</b>	\$0	\$0
44 <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	\$0	\$1,010,949
45 <b>Cash and Cash Equivalents at Beginning of Month</b>	\$1,010,949	\$0
46 <b>Cash and Cash Equivalents at End of Month</b>	\$1,010,949	\$1,010,949